

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, CANADA

SEMI-ANNUAL REPORT

June 22, 1972.

TO THE SHAREHOLDERS OF

ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at May 31, 1972, the statement of income and expenses and the statement of source and application of funds for the six months' period ended on that date. Also shown are comparative figures for the previous year.

As at May 31, 1972, the indicated net asset value of each of the Corporation's Class C shares and common shares was \$19.85 per share, compared with \$15.31 per share as at May 31, 1971. It should be noted that no provision has been made in the 1972 figure for the new tax legislation under which capital gains are subject to income tax upon realization.

Income from investments during the period amounted to \$3,059,848 compared to \$3,794,166 in the corresponding period last year. Expenses (including interest of \$275,000) were \$418,390, compared to \$421,435 (including interest of \$275,000) for the same period in the previous year. Net income amounted to \$2,641,458 compared with \$3,367,731 for the six months ended May 31, 1971 (21.8¢ compared with 30.3¢ per Class C and common share).

In addition to the regular dividends on the Corporation's Class A and Class B Preference Shares, dividends totalling 22½¢ per share on the Class C and the common shares were paid during the period. As set out in the letter sent to shareholders in January, 1972 your Board of Directors reduced the quarterly dividend rates on the Corporation's Class C and common shares from 15¢ to 7½¢ per share commencing with the March, 1972 payments. Earned surplus amounted to \$36,153,138 at May 31, 1972.

Since November 30, 1971, 1,271 Class A Preference Shares \$2.50 Series and 1,110 Class A Preference Shares \$2.60 Series were purchased and cancelled.

In March, 1972, Standard Broadcasting Corporation Limited increased the annual dividend rate on its common shares from 28¢ to 32¢ per share, and also paid a 10¢ extra dividend on April 7, 1972. British Columbia Forest Products Limited resumed quarterly dividends at the rate of 10¢ per common share on November 1, 1971.

Shareholders, on request, will receive copies of the annual reports of the companies which comprise the Corporation's major investments.

Submitted on behalf of the Board,

JOHN A. McDOUGALD,
Chairman and President.

A. BRUCE MATTHEWS,
Executive Vice-President.

A R G U S C O R P O R A T I O N L I M I T E D

BALANCE SHEET—MAY 31, 1972

(with comparative figures at May 31, 1971)

ASSETS		1972	1971
INVESTMENTS IN COMMON SHARES (Note 1):			
Securities having a quoted market value, at cost.....		\$102,518,442	\$102,518,442
(value based on market quotations as at—			
May 31, 1972—\$206,840,244			
May 31, 1971—\$168,055,938)			
CASH IN BANKS.....		75,110	74,856
SHORT-TERM SECURITIES, at cost plus accrued interest.....		1,304,567	2,538,630
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES.....		453,400	440,500
OTHER ASSETS.....		135,823	139,171
HEAD OFFICE PREMISES—land, building and furnishings, at nominal value.....		1	1
		<u>\$104,487,343</u>	<u>\$105,711,600</u>
LIABILITIES			
DIVIDENDS PAYABLE.....		\$ 634,770	\$ 1,269,527
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....		66,987	75,454
5½% SECURED NOTES SERIES C, due November 1, 1975.....		10,000,000	10,000,000
CAPITAL AND SURPLUS:			
Capital stock (Notes 2 and 3)—			
Number of shares			
Authorized	Issued		
301,901		Class A Preference—	
	118,154	\$2.50 Series.....	5,907,700
	183,747	\$2.60 Series.....	9,187,350
1,000,000		Class B Preference—	
	300,000	Cumulative, 1962 Series (\$2.70 Dividend).....	15,000,000
6,770,944	6,770,944	Class C Participating Non-Voting Preference.....	21,644,825
10,000,000	1,692,736	Common.....	5,411,206
			<u>57,151,081</u>
Contributed surplus, realized on purchase for cancellation of Preference Shares			
(including \$37,343 arising during the six months ended May 31, 1972).....		481,367	403,442
Earned surplus.....		36,153,138	36,575,296
		<u>93,785,586</u>	<u>94,366,619</u>
		<u>\$104,487,343</u>	<u>\$105,711,600</u>

NOTES:

- The excess of the market value of the portfolio at May 31, 1972 over the cost of the component investments represents net unrealized capital gains. Under income tax legislation effective January 1, 1972, the Corporation could be required to pay tax on a portion of capital gains if realized.
- The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.
The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at the option of the Corporation at \$52.50 per share and accrued dividends.
The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.
- During the six months ended May 31, 1972, 1,271 Class A Preference Shares \$2.50 Series and 1,110 Class A Preference Shares \$2.60 Series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

JOHN A. McDUGALD, Director

A. BRUCE MATTHEWS, Director

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	THOMAS G. MCCORMACK	Toronto
*T. N. BEAUPRÉ	Montreal	*JOHN A. McDOUGALD	Toronto
*GEORGE M. BLACK, JR.	Toronto	D. A. McINTOSH, Q.C.	Toronto
H. J. CARMICHAEL.	Toronto	ALLEN A. McMARTIN	Bermuda
W. C. THORNTON CRAN	Toronto	*MAXWELL C. G. MEIGHEN	Toronto
*A. L. FAIRLEY, JR.	Montreal	J. N. SWINDEN	Toronto
P. M. FOX	Bermuda	*E. P. TAYLOR.	Bahama Islands
*A. BRUCE MATTHEWS	Toronto	ALBERT A. THORNBROUGH	Toronto

*Members of the Executive Committee

OFFICERS

<i>Chairman of the Board and President</i>	JOHN A. McDOUGALD
<i>Executive Vice-President.</i>	A. BRUCE MATTHEWS
<i>Vice-President and Chairman of the Executive Committee</i>	MAXWELL C. G. MEIGHEN
<i>Vice-President</i>	GEORGE M. BLACK, JR.
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF EARNED SURPLUS FOR THE SIX MONTHS ENDED MAY 31, 1972 *(with comparative figures for the six months ended May 31, 1971)*

	1972	1971
Balance at beginning of period.....	\$35,574,370	\$36,546,590
Net income for the period.....	<u>2,641,458</u>	<u>3,367,731</u>
	38,215,828	39,914,321
Dividends:		
Class A Preference Shares \$2.50 Series.....	148,505	152,247
Class A Preference Shares \$2.60 Series.....	239,641	242,719
Class B Preference Shares 1962 Series.....	405,005	405,005
Class C Participating Preference Shares.....	1,015,628	2,031,243
Common Shares.....	<u>253,911</u>	<u>507,811</u>
	2,062,690	3,339,025
Balance at end of period.....	<u>\$36,153,138</u>	<u>\$36,575,296</u>

STATEMENT OF INCOME AND EXPENSES FOR THE SIX MONTHS ENDED MAY 31, 1972 *(with comparative figures for the six months ended May 31, 1971)*

	1972	1971
Income:		
Dividends received.....	\$ 3,041,869	\$ 3,725,619
Interest earned.....	<u>17,979</u>	<u>68,547</u>
	3,059,848	3,794,166
Expenses:		
Salaries of officers and employees.....	53,290	53,053
Directors' fees.....	4,500	4,500
Transfer agents' and registrars' fees and expenses.....	28,853	25,181
General office and administrative expenses.....	56,747	63,701
Interest on Secured Notes.....	<u>275,000</u>	<u>275,000</u>
	418,390	421,435
Income from operations.....	2,641,458	3,372,731
Income taxes.....	<u>—</u>	<u>5,000</u>
Net income for the period.....	<u>\$ 2,641,458</u>	<u>\$ 3,367,731</u>
Earnings per Class C preference and Common share.....	<u>21.8¢</u>	<u>30.3¢</u>

A U D I T O R S ' R E P O R T

To the Directors of
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at May 31, 1972 and the statements of earned surplus, income and expenses and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Corporation as at May 31, 1972 and the results of its operations and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & Co.
Chartered Accountants

Toronto, June 12, 1972

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED MAY 31, 1972

(with comparative figures for the six months ended May 31, 1971)

	1972	1971
Cash in banks and short-term securities at beginning of period	\$ 1,527,395	\$ 2,723,940
Source of funds:		
Net income for the period	2,641,458	3,367,731
	<u>\$ 4,168,853</u>	<u>\$ 6,091,671</u>
Application of funds:		
Dividends paid	\$ 2,697,449	\$ 3,339,025
Purchase for cancellation of Class A Preference Shares	81,707	133,562
Other	10,020	5,598
	2,789,176	3,478,185
Cash in banks and short-term securities at end of period	<u>1,379,677</u>	<u>2,613,486</u>
	<u>\$ 4,168,853</u>	<u>\$ 6,091,671</u>

SCHEDULE OF SECURITIES AS AT MAY 31, 1972

(with comparative figures as at May 31, 1971)

Company	Class of shares	1972			1971	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited	Common	500,000	13.4%	\$ 10,875,000	500,000	\$ 10,062,500
Dominion Stores Limited	Common	2,000,000	24.3%	31,250,000	2,000,000	23,000,000
Domtar Limited	Common	2,500,000	16.9%	38,125,000	2,500,000	32,187,500
Hollinger Mines Limited	Common	1,000,000	20.3%	42,500,000	1,000,000	40,000,000
Massey-Ferguson Limited	Common	2,850,000	15.7%	43,106,250	2,850,000	29,212,500
Standard Broadcasting Corporation Limited	Common	2,687,475	47.8%	40,983,994	2,687,475	33,593,438
				<u>\$206,840,244</u>		<u>\$168,055,938</u>

NOTE:
The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at May 31. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, CANADA

SEMI-ANNUAL REPORT

June 22, 1972.

TO THE SHAREHOLDERS OF
ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at May 31, 1972, the statement of income and expenses and the statement of source and application of funds for the six months' period ended on that date. Also shown are comparative figures for the previous year.

As at May 31, 1972, the indicated net asset value of each of the Corporation's Class C shares and common shares was \$19.85 per share, compared with \$15.31 per share as at May 31, 1971. It should be noted that no provision has been made in the 1972 figure for the new tax legislation under which capital gains are subject to income tax upon realization.

Income from investments during the period amounted to \$3,059,848 compared to \$3,794,166 in the corresponding period last year. Expenses (including interest of \$275,000) were \$418,390, compared to \$421,435 (including interest of \$275,000) for the same period in the previous year. Net income amounted to \$2,641,458 compared with \$3,367,731 for the six months ended May 31, 1971 (21.8¢ compared with 30.3¢ per Class C and common share).

In addition to the regular dividends on the Corporation's Class A and Class B Preference Shares, dividends totalling 22½¢ per share on the Class C and the common shares were paid during the period. As set out in the letter sent to shareholders in January, 1972 your Board of Directors reduced the quarterly dividend rates on the Corporation's Class C and common shares from 15¢ to 7½¢ per share commencing with the March, 1972 payments. Earned surplus amounted to \$36,153,138 at May 31, 1972.

Since November 30, 1971, 1,271 Class A Preference Shares \$2.50 Series and 1,110 Class A Preference Shares \$2.60 Series were purchased and cancelled.

In March, 1972, Standard Broadcasting Corporation Limited increased the annual dividend rate on its common shares from 28¢ to 32¢ per share, and also paid a 10¢ extra dividend on April 7, 1972. British Columbia Forest Products Limited resumed quarterly dividends at the rate of 10¢ per common share on November 1, 1971.

Shareholders, on request, will receive copies of the annual reports of the companies which comprise the Corporation's major investments.

Submitted on behalf of the Board,

JOHN A. McDOUGALD,
Chairman and President.

A. BRUCE MATTHEWS,
Executive Vice-President.

A R G U S C O R P O R A T I O N L I M I T E D

BALANCE SHEET — MAY 31, 1972

(with comparative figures at May 31, 1971)

ASSETS	1972	1971
INVESTMENTS IN COMMON SHARES (Note 1):		
Securities having a quoted market value, at cost.....	\$102,518,442	\$102,518,442
(value based on market quotations as at—		
May 31, 1972—\$206,840,244		
May 31, 1971—\$168,055,938)		
CASH IN BANKS.....	75,110	74,856
SHORT-TERM SECURITIES, at cost plus accrued interest.....	1,304,567	2,538,630
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES.....	453,400	440,500
OTHER ASSETS.....	135,823	139,171
HEAD OFFICE PREMISES—land, building and furnishings, at nominal value.....	1	1
	<u>\$104,487,343</u>	<u>\$105,711,600</u>
LIABILITIES		
DIVIDENDS PAYABLE.....	\$ 634,770	\$ 1,269,527
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....	66,987	75,454
5½% SECURED NOTES SERIES C, due November 1, 1975.....	10,000,000	10,000,000
CAPITAL AND SURPLUS:		
Capital stock (Notes 2 and 3)—		
Number of shares		
Authorized Issued		
301,901 Class A Preference—		
118,154 \$2.50 Series.....	5,907,700	6,040,750
183,747 \$2.60 Series.....	9,187,350	9,291,100
1,000,000 Class B Preference—		
300,000 Cumulative, 1962 Series (\$2.70 Dividend).....	15,000,000	15,000,000
6,770,944 Class C Participating Non-Voting Preference.....	21,644,825	21,644,825
10,000,000 Common.....	5,411,206	5,411,206
	<u>57,151,081</u>	<u>57,387,881</u>
Contributed surplus, realized on purchase for cancellation of Preference Shares		
(including \$37,343 arising during the six months ended May 31, 1972).....	481,367	403,442
Earned surplus.....	<u>36,153,138</u>	<u>36,575,296</u>
	<u>93,785,586</u>	<u>94,366,619</u>
	<u>\$104,487,343</u>	<u>\$105,711,600</u>

NOTES:

- The excess of the market value of the portfolio at May 31, 1972 over the cost of the component investments represents net unrealized capital gains. Under income tax legislation effective January 1, 1972, the Corporation could be required to pay tax on a portion of capital gains if realized.
- The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.
The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at the option of the Corporation at \$52.50 per share and accrued dividends.
The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.
- During the six months ended May 31, 1972, 1,271 Class A Preference Shares \$2.50 Series and 1,110 Class A Preference Shares \$2.60 Series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

JOHN A. McDOUGALD, Director

A. BRUCE MATTHEWS, Director

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	THOMAS G. MCCORMACK	Toronto
*T. N. BEAUPRÉ	Montreal	*JOHN A. MCDUGALD	Toronto
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P. M. FOX	Bermuda	*E. P. TAYLOR.	Bahama Islands
*A. BRUCE MATTHEWS	Toronto	ALBERT A. THORNBROUGH	Toronto

*Members of the Executive Committee

OFFICERS

<i>Chairman of the Board and President</i>	JOHN A. MCDUGALD
<i>Executive Vice-President.</i>	A. BRUCE MATTHEWS
<i>Vice-President and Chairman of the Executive Committee</i>	MAXWELL C. G. MEIGHEN
<i>Vice-President</i>	GEORGE M. BLACK, JR.
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF EARNED SURPLUS FOR THE SIX MONTHS ENDED MAY 31, 1972 *(with comparative figures for the six months ended May 31, 1971)*

	1972	1971
Balance at beginning of period	\$35,574,370	\$36,546,590
Net income for the period.....	<u>2,641,458</u>	<u>3,367,731</u>
	38,215,828	39,914,321
Dividends:		
Class A Preference Shares \$2.50 Series.....	148,505	152,247
Class A Preference Shares \$2.60 Series.....	239,641	242,719
Class B Preference Shares 1962 Series	405,005	405,005
Class C Participating Preference Shares	1,015,628	2,031,243
Common Shares	<u>253,911</u>	<u>507,811</u>
	2,062,690	3,339,025
Balance at end of period.....	<u>\$36,153,138</u>	<u>\$36,575,296</u>

STATEMENT OF INCOME AND EXPENSES FOR THE SIX MONTHS ENDED MAY 31, 1972 *(with comparative figures for the six months ended May 31, 1971)*

	1972	1971
Income:		
Dividends received.....	\$ 3,041,869	\$ 3,725,619
Interest earned.....	<u>17,979</u>	<u>68,547</u>
	3,059,848	3,794,166
Expenses:		
Salaries of officers and employees	53,290	53,053
Directors' fees.....	4,500	4,500
Transfer agents' and registrars' fees and expenses.....	28,853	25,181
General office and administrative expenses.....	56,747	63,701
Interest on Secured Notes	<u>275,000</u>	<u>275,000</u>
	418,390	421,435
Income from operations	2,641,458	3,372,731
Income taxes.....	—	5,000
Net income for the period.....	<u>\$ 2,641,458</u>	<u>\$ 3,367,731</u>
Earnings per Class C preference and Common share	<u>21.8¢</u>	<u>30.3¢</u>

A U D I T O R S ' R E P O R T

To the Directors of
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at May 31, 1972 and the statements of earned surplus, income and expenses and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Corporation as at May 31, 1972 and the results of its operations and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, June 12, 1972

PRICE WATERHOUSE & Co.
Chartered Accountants

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED MAY 31, 1972

(with comparative figures for the six months ended May 31, 1971)

	1972	1971
Cash in banks and short-term securities at beginning of period	\$ 1,527,395	\$ 2,723,940
Source of funds:		
Net income for the period	2,641,458	3,367,731
	<u>\$ 4,168,853</u>	<u>\$ 6,091,671</u>
Application of funds:		
Dividends paid	\$ 2,697,449	\$ 3,339,025
Purchase for cancellation of Class A Preference Shares	81,707	133,562
Other	10,020	5,598
	2,789,176	3,478,185
Cash in banks and short-term securities at end of period	1,379,677	2,613,486
	<u>\$ 4,168,853</u>	<u>\$ 6,091,671</u>

SCHEDULE OF SECURITIES AS AT MAY 31, 1972

(with comparative figures as at May 31, 1971)

Company	Class of shares	1972			1971	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited	Common	500,000	13.4%	\$ 10,875,000	500,000	\$ 10,062,500
Dominion Stores Limited	Common	2,000,000	24.3%	31,250,000	2,000,000	23,000,000
Domtar Limited	Common	2,500,000	16.9%	38,125,000	2,500,000	32,187,500
Hollinger Mines Limited	Common	1,000,000	20.3%	42,500,000	1,000,000	40,000,000
Massey-Ferguson Limited	Common	2,850,000	15.7%	43,106,250	2,850,000	29,212,500
Standard Broadcasting Corporation Limited	Common	2,687,475	47.8%	40,983,994	2,687,475	33,593,438
				<u>\$206,840,244</u>		<u>\$168,055,938</u>

NOTE:

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at May 31. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO, CANADA-M5C 2B7

ANNUAL REPORT

December 27, 1972.

TO THE SHAREHOLDERS OF
ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at November 30, 1972, the statement of income and expenses and the statement of source and application of funds for the year ended on that date. Also shown are comparative figures for the previous year.

As at November 30, 1972, the indicated net asset value of each of the Corporation's Class C shares and common shares was \$20.75 per share, compared with \$13.70 per share as at November 30, 1971. It should be noted that no provision has been made in the 1972 figure for the new tax legislation under which capital gains are subject to income tax upon realization.

Income from investments during the period amounted to \$5,943,661 compared to \$6,536,527 in the previous year. Expenses (including interest of \$550,000) were \$830,355 compared to \$831,915 (including interest of \$550,000) for the previous year. Net income amounted to \$5,113,306 which compared with \$5,702,012 for the year ended November 30, 1971. The decline in net income in 1972 resulted mainly from the omission of dividends by Massey-Ferguson Limited compared with \$712,500 received from that company during the previous fiscal year.

After providing for dividends on the Corporation's Class A and Class B preference shares, earnings on the Class C and common shares amounted to 41.7¢ per share, compared to 48.5¢ per share in the previous year. Dividends totalling 37½¢ per share were paid on the Class C and the common shares during the year.

Earned surplus increased by \$990,782 during the year and amounted to \$36,565,152 at November 30, 1972.

During the year 2,476 Class A Preference Shares \$2.50 Series and 1,798 Class A Preference Shares \$2.60 Series were purchased and cancelled.

In June, 1972, Mr. Percy M. Fox, a valued director of the Corporation for the past fifteen years, tendered his resignation in order to devote more time to his personal affairs. In deference to Mr. Fox's wishes your Board of Directors accepted his resignation with regret. Mr. Alex E. Barron, Chairman of the Board of Canadian Tire Corporation Limited, was elected a director of the Corporation to fill the vacancy on the Board.

Shareholders, on request, will receive copies of the annual reports of the companies which comprise the Corporation's major investments.

The Annual Meeting of the Corporation will be held on March 8, 1973, in the Board Room, National Trust Company, Limited, Toronto, Canada, at 12:00 o'clock noon. A formal notice of meeting, together with form of proxy and information circular will be mailed to each common shareholder in January, 1973. This procedure is necessary in order to comply with the Business Corporations Act, 1970 (Ontario), which requires that the aforementioned documents be mailed to the common shareholders not more than 50 days prior to the date of the annual meeting.

Submitted on behalf of the Board,

JOHN A. McDUGALD,
Chairman and President.

A. BRUCE MATTHEWS,
Executive Vice-President.

A R G U S C O R P O R A T I O N L I M I T E D

B A L A N C E S H E E T — N O V E M B E R 3 0 , 1 9 7 2

(with comparative figures at November 30, 1971)

ASSETS	1972	1971
INVESTMENTS IN COMMON SHARES:		
Securities having a quoted market value, at cost (Note 1) (value based on market quotations as at— November 30, 1972—\$213,999,663 November 30, 1971—\$155,407,516).....	\$102,518,442	\$102,518,442
CASH IN BANKS.....	73,891	87,654
SHORT-TERM SECURITIES, at cost plus accrued interest.....	1,650,000	1,439,741
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES.....	458,300	445,600
OTHER ASSETS.....	133,684	137,408
HEAD OFFICE PREMISES—land, building and furnishings, at nominal value....	1	1
	<u>\$104,834,318</u>	<u>\$104,628,846</u>
LIABILITIES		
DIVIDENDS PAYABLE.....	\$ 634,770	\$ 1,269,529
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....	67,802	70,792
5½% SECURED NOTES SERIES C, due November 1, 1975.....	10,000,000	10,000,000
CAPITAL AND SURPLUS:		
Capital stock (Notes 2 and 3)—		
Number of shares		
Authorized Issued		
300,008 Class A Preference—		
116,949 \$2.50 Series.....	5,847,450	5,971,250
183,059 \$2.60 Series.....	9,152,950	9,242,850
1,000,000 Class B Preference—		
300,000 Cumulative, 1962 Series (\$2.70 dividend).....	15,000,000	15,000,000
6,770,944 Class C Participating Non-Voting Preference.....	21,644,825	21,644,825
10,000,000 Common.....	5,411,206	5,411,206
	57,056,431	57,270,131
Contributed surplus, realized on purchase for cancellation of preference shares (including \$66,139 arising during the year ended November 30, 1972).....	510,163	444,024
Earned surplus.....	36,565,152	35,574,370
	<u>94,131,746</u>	<u>93,288,525</u>
	<u>\$104,834,318</u>	<u>\$104,628,846</u>

NOTES:

- The excess of the market value of the portfolio at November 30, 1972 over the cost of the component investments represents net unrealized capital gains. Under income tax legislation effective January 1, 1972, the Corporation could be required to pay tax on a portion of capital gains if realized.
- The Class A and Class B preference shares have a par value of \$50 each and are issuable in series; the Class C preference shares and the common shares are without par value.
The issued Class A and Class B preference shares carry cumulative dividends and are redeemable at the option of the Corporation at \$52.50 per share and accrued dividends.
The Class C preference shares, subject to the prior rights of the Class A and Class B preference shares, participate equally with the common shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C preference share and common share and (ii) any distribution of assets.
- During the year ended November 30, 1972 2,476 Class A preference shares \$2.50 series and 1,798 Class A preference shares \$2.60 series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

JOHN A. McDOUGALD, Director

A. BRUCE MATTHEWS, Director

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	THOMAS G. MCCORMACK	Toronto
ALEX E. BARRON	Toronto	*JOHN A. MCDUGALD	Toronto
*T. N. BEAUPRÉ	Montreal	D. A. MCINTOSH, Q.C.	Toronto
*GEORGE M. BLACK, JR.	Toronto	ALLEN A. McMARTIN	Bermuda
H. J. CARMICHAEL	Toronto	*MAXWELL C. G. MEIGHEN	Toronto
W. C. THORNTON CRAN	Toronto	J. N. SWINDEN	Toronto
*A. L. FAIRLEY, JR.	Birmingham, Alabama	*E. P. TAYLOR	Bahama Islands
*A. BRUCE MATTHEWS	Toronto	ALBERT A. THORNBROUGH	Toronto

*Members of the Executive Committee

OFFICERS

<i>Chairman of the Board and President</i>	JOHN A. MCDUGALD
<i>Executive Vice-President</i>	A. BRUCE MATTHEWS
<i>Vice-President and Chairman of the Executive Committee</i>	MAXWELL C. G. MEIGHEN
<i>Vice-President</i>	GEORGE M. BLACK, JR.
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED NOVEMBER 30, 1972 *(with comparative figures for the year ended November 30, 1971)*

	1972	1971
Balance at beginning of year.....	\$35,574,370	\$36,546,590
Net income for the year.....	5,113,306	5,702,012
	<u>40,687,676</u>	<u>42,248,602</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	295,438	302,334
Class A Preference Shares \$2.60 Series.....	477,998	483,777
Class B Preference Shares 1962 Series.....	810,009	810,010
Class C Participating Preference Shares.....	2,031,257	4,062,489
Common Shares.....	507,822	1,015,622
	<u>4,122,524</u>	<u>6,674,232</u>
Balance at end of year.....	<u>\$36,565,152</u>	<u>\$35,574,370</u>

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED NOVEMBER 30, 1972 *(with comparative figures for the year ended November 30, 1971)*

	1972	1971
Income:		
Dividends received.....	\$ 5,895,614	\$ 6,421,866
Interest earned.....	48,047	114,661
	<u>5,943,661</u>	<u>6,536,527</u>
Expenses:		
Salaries of officers and employees.....	104,017	107,360
Directors' fees.....	9,000	9,000
Transfer agents' and registrars' fees and expenses.....	54,980	50,532
General office and administrative expenses.....	112,358	115,023
Interest on secured notes.....	550,000	550,000
	<u>830,355</u>	<u>831,915</u>
Income from operations.....	5,113,306	5,704,612
Income taxes.....	—	2,600
Net income for the year.....	<u>\$ 5,113,306</u>	<u>\$ 5,702,012</u>
Earnings per Class C preference and common share.....	<u>41.7¢</u>	<u>48.5¢</u>

AUDITORS' REPORT

To the Shareholders of
ARGUS CORPORATION LIMITED:

We have examined the balance sheet and the statement of investments of Argus Corporation Limited as at November 30, 1972 and the statements of earned surplus, income and expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Corporation as at November 30, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, December 14, 1972

PRICE WATERHOUSE & Co.
Chartered Accountants

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED NOVEMBER 30, 1972

(with comparative figures for the year ended November 30, 1971)

	1972	1971
Cash in banks and short-term securities at beginning of year.....	\$1,527,395	\$2,723,940
Source of funds:		
Net income for the year.....	5,113,306	5,702,012
	<u>\$6,640,701</u>	<u>\$8,425,952</u>
Application of funds:		
Dividends paid in the year.....	\$4,757,283	\$6,674,232
Purchase for cancellation of Class A preference shares.....	147,561	210,730
Other.....	11,966	13,595
	4,916,810	6,898,557
Cash in banks and short-term securities at end of year.....	1,723,891	1,527,395
	<u>\$6,640,701</u>	<u>\$8,425,952</u>

STATEMENT OF INVESTMENTS AS AT NOVEMBER 30, 1972

(with comparative figures as at November 30, 1971)

Company	Class of shares	1972			1971	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited.....	Common	500,000	13.4%	\$ 10,750,000	500,000	\$ 8,000,000
Dominion Stores Limited.....	Common	2,000,000	24.1%	29,000,000	2,000,000	28,000,000
Domtar Limited.....	Common	2,500,000	16.9%	43,750,000	2,500,000	25,937,500
Hollinger Mines Limited.....	Common	1,000,000	20.3%	39,000,000	1,000,000	34,125,000
Massey-Ferguson Limited.....	Common	2,850,000	15.7%	55,218,750	2,850,000	27,431,250
Standard Broadcasting Corporation Limited.....	Common	2,687,475	47.7%	36,280,913	2,687,475	31,913,766
				<u>\$213,999,663</u>		<u>\$155,407,516</u>

NOTE:

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at November 30. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

